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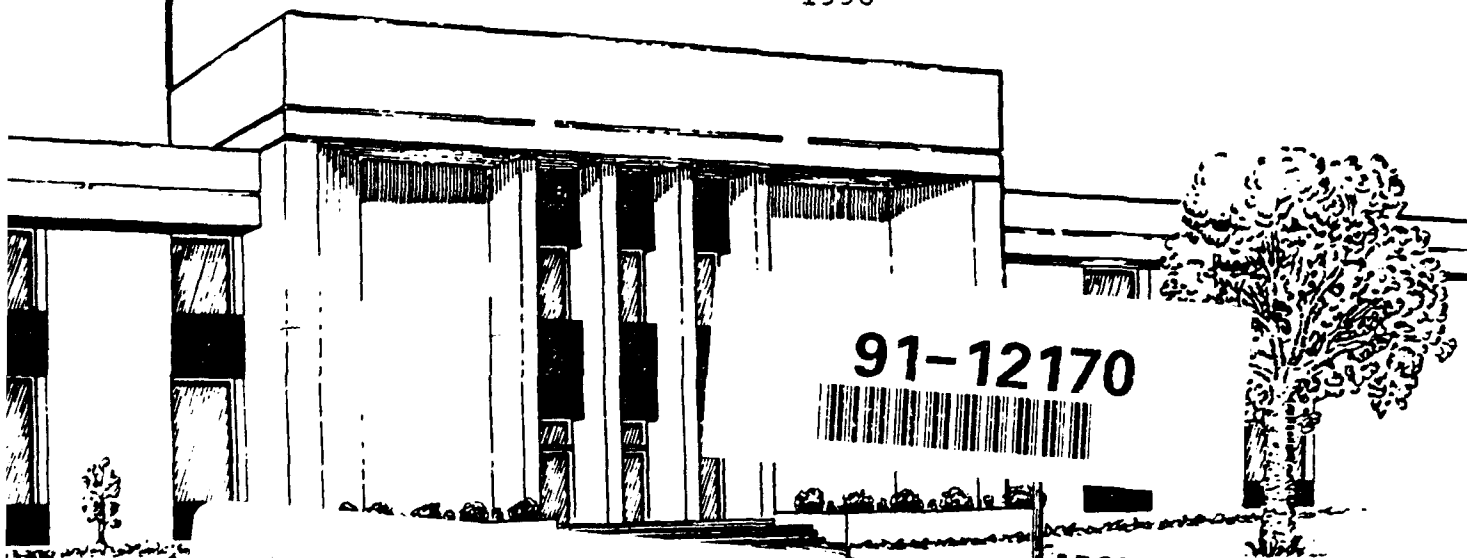
## RESEARCH REPORT

CHALLENGES FOR THE AIR FORCE CIVILIAN WORKFORCE  
AND THE TWENTY-FIRST CENTURY

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1990



AIR UNIVERSITY  
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AIR WAR COLLEGE

AIR UNIVERSITY

**CHALLENGES FOR THE AIR FORCE CIVILIAN WORKFORCE  
AND THE TWENTY-FIRST CENTURY**

by

Linda M. McCullar

A DEFENSE ANALYTICAL STUDY SUBMITTED TO THE FACULTY

IN

FULFILLMENT OF THE CURRICULUM

REQUIREMENT

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MAXWELL AIR FORCE BASE, ALABAMA

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## EXECUTIVE SUMMARY

TITLE: Challenges for the Air Force Civilian Workforce and the  
Twenty-first Century

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Civilian employees represent one-third of the total active force. They are an integral part of the Air Force mission, providing expertise in all areas. This report examines the demographics of the United States and identifies population trends which may seriously impact the labor market. Demographics of the Air Force civilian workforce are provided and reveal a mirror effect in relation to national statistics. Nationwide, the available labor force is shrinking, thus creating keen competition for human resources. However, adding to this dilemma will be educational trends such as illiteracy and reductions in highly skilled technical and professional personnel.

As the 21st century approaches, the Air Force leadership will have to make controversial policy decisions if we are to continue quality employment. New approaches to recruitment, sustainment, and development must be undertaken. Based on future population trends, this study provides examples of programs which may be necessary in order to meet the challenges the Air Force faces in managing human resources.

## BIOGRAPHICAL SKETCH

Linda M. McCullar, civilian, United States Air Force. During her career, Mrs McCullar has held various positions in civilian personnel policy implementation and management. Specific areas of expertise include employment, staffing, employee relations, and evaluation. Her last assignment prior to entering the Air War College, Class of 1990, was Director of Civilian Personnel, Air University. Mrs McCullar completed her undergraduate work at the University of Colorado. Graduate studies were completed at the University of New Mexico and Webster University, where she received a master's degree in Public Administration. She is currently finishing requirements leading to a doctorate in Public Administration at the University of Alabama. Her decorations include the Meritorious Civilian Service Award and Merit Pay and Performance Awards throughout her career. Mrs McCullar is a graduate of the Air War College, Class of 1990.

## TABLE OF CONTENTS

DISCLAIMER.....	ii
EXECUTIVE SUMMARY.....	iii
BIOGRAPHICAL SKETCH.....	iv
LIST OF CHARTS AND TABLES .....	vii

### Chapter

I. INTRODUCTION.....	1
II. DEMOGRAPHICS OF THE UNITED STATES.....	4
Baby Boom to Baby Bust.....	4
Women and Minorities Increase in the Labor Force.....	6
Educational Trends.....	6
Economic Trends.....	7
Summary.....	8
III. DEMOGRAPHICS OF THE AIR FORCE.....	9
Civilian Workforce.....	9
Overview.....	9
Structure of the Civilian Force.....	10
Age of the Workforce.....	12
Length of Service.....	12
Women and Minorities.....	14
Future Trends--Less Civilians.....	17
IV. ENHANCING THE WORKFORCE--RECRUITMENT.....	20
The Crisis.....	20
Recruiting Strategies.....	21
New Directions.....	22
V. SUSTAINING THE WORKFORCE--BENEFITS.....	25
Then and Now.....	25
Child Care.....	26
Cafeteria Benefits--A Flexible Approach.....	28
VI. DEVELOPING THE WORKFORCE--TRAINING.....	31
Can They Read?.....	31
Pay for Degrees.....	32
Dollars for Training.....	33

VII. CONCLUSION.....	34
LIST OF REFERENCES.....	36
BIBLIOGRAPHY.....	38

## LIST OF CHARTS

CHART I--Active Air Force.....	3
CHART II--The Changing Labor Force.....	5
CHART III--Projected Labor Force Entry.....	5
CHART IV--Number of Air Force Civilians by Occupation Category.....	11
CHART V--Age by Occupation.....	13
CHART VI--Women, Blacks and Hispanics, as Part of Civilian Workforce	15
CHART VII--Number of Women (by Occupational Category).....	16

## LIST OF TABLES

TABLE I--Total Civilian Strength.....	19
TABLE II--Sample Cafeteria Benefits.....	30



## CHAPTER I

### INTRODUCTION

The civilian workforce is an integral part of the Total Force and vital in supporting the Air Force's mission. As we enter the last decade and look ahead to the next century, many serious challenges face the world of civil service within the Air Force.

During the 1980s, the Air Force as well as the other services experienced tremendous growth. A renewal of the force in equipment and manpower occurred. However, as we close out the 1980s, the news is quite different. Events in the political, economic, demographic, and technological arenas will play a major role in shaping the civil workforce.

Events in Eastern Europe and the Soviet Union are unfolding at a rapid pace. As democratic regimes begin to play key roles in the Warsaw Pact nations, we can only guess at this point in time what the role of the North Atlantic Treaty Organization (NATO) will be. Within the Soviet Union, arms and troop reductions appear to be a reality. This is another key political event which will surely impact the Air Force of the future.

Even before the cataclismic changes began to unravel in the East, the Department of Defense knew the growth in military expenditures was over. The huge budget deficit, the trade deficit, and budget controls established through congressional legislation enacted under Gramm-Rudman-Hollings all

mandated changes in defense spending. Thus economic decisions will also determine the structure of the Air Force.

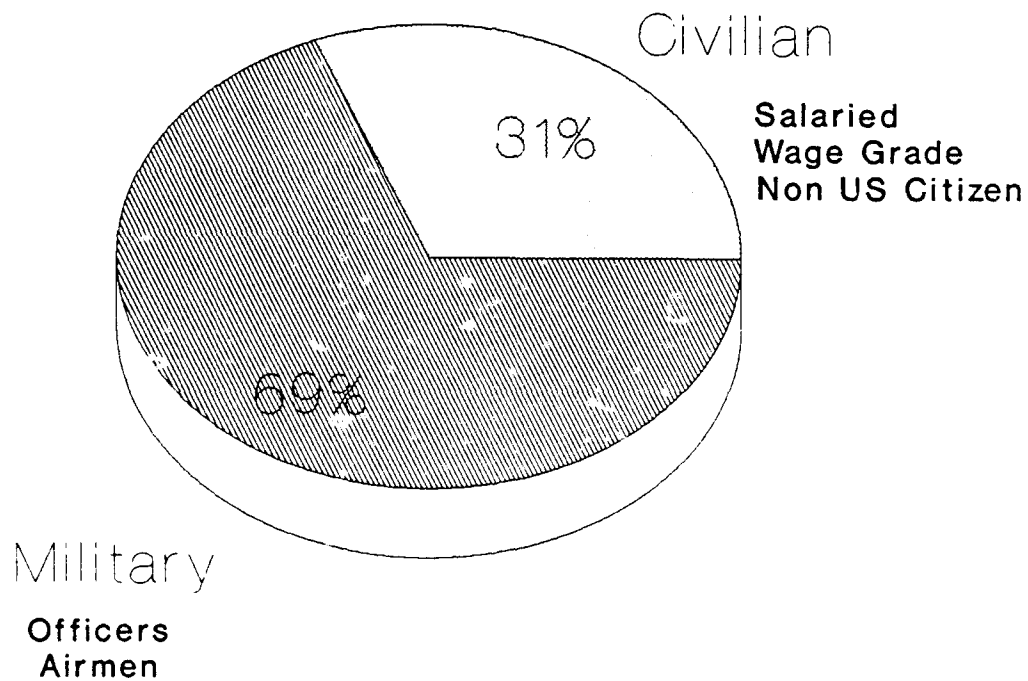
Nationwide, the available workforce is shrinking. The age of the baby boom is over--enter the age of the baby bust. The dilemma of competing for less human resources will be exacerbated by the continued, if not heightened, demand for highly skilled employees. Technologically, the Air Force must be on the cutting edge in research and development, particularly in light of arms reductions. Quality, that is state-of-the-art, not quantity will be imperative.

Civilians comprise 30 percent of the Total Force (Chart I) while it can be anticipated that overall Air Force strength numbers will steadily decline over the next ten years, the civilian population as a percentage should remain relatively constant. In fact, the conversion of military to civilian authorizations will likely occur as the Air Force begins to reduce the men and women in uniform.

Dynamics in the labor market and changes in manpower requisites will be major factors in designing a quality civilian force for the 21st century. This paper will examine the composition of the future workforce and the challenges facing Air Force leadership in recruiting and sustaining a viable structure.

# CHART I

## Active Air Force



(Source: Air Force Magazine, May 1989)  
Includes Guard and Reserve

## CHAPTER II

### DEMOGRAPHICS OF THE UNITED STATES

#### BABY BOOM TO BABY BUST

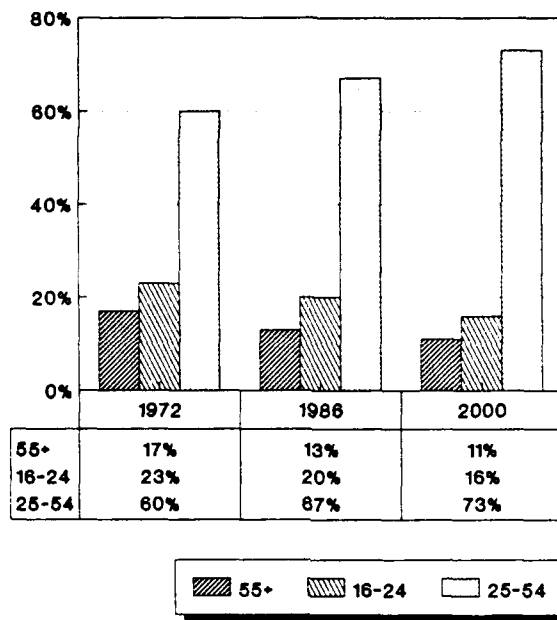
The structure of the population within the United States is changing. During the next 10 years, these shifts in employment age individuals will require personnel managers to rethink staffing strategies.

It was at the end of World War II that the first major change began within America. Known as the baby boom generation, the fertility within this country increased. On the heels of World War II was the Korean Conflict; the population continued to expand. In fact, this expansion has been categorized into the years 1946 to 1964. These baby boomers make up one-half of today's working generation.

Perhaps no other generation has altered the labor force as significantly as the baby boomers. During the next decade, the Bureau of Labor Statistics (BLS) makes the following projections: women in the labor force age 35 to 44 will swell to 6.2 million (3 percent increase), women 45-54 will expand to 6.5 million (4.4 percent increase); working men in these same age groupings will rise by 5.1 million (2.1 percent) and 6.3 million (3.6 percent) respectively. This group will add to the "graying" of America (1:25). Chart II depicts this changing labor force.

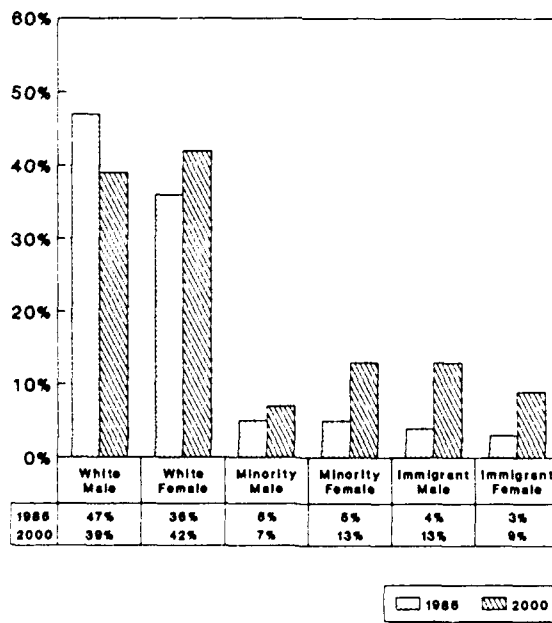
As part of the altering of the workforce, this generation has chosen not to be as fertile as their parents. Those shifting patterns are clearly

**CHART II**  
The Changing Labor Force  
(Labor Force Share by Age)



(Source: Bureau of Labor Statistics)

**CHART III**  
Projected Labor Force Entry  
(Percentage of Population)



(Source: Labor Force 2000)

evident in Chart III, Projected Labor Force Entry. They entered the labor market primarily during the 1970s and 1980s. Their children, the baby bust generation, will be entering in significantly lower numbers. Several major problems arise: since there will be less younger workers, the country will have to make better use of the older generation; and, while the traditional entry-level worker is declining, the number of disadvantaged youth is increasing (2:474).

#### WOMEN AND MINORITIES INCREASE IN THE LABOR FORCE

The influx of women into the workforce has been one of the most significant economic and sociological developments of the past 20 years. Two-thirds of the new workers coming into the labor force will be women; their share will move from the current 42 percent to 61 percent in the year 2000. Most working women are married and most have children--that trend is going to continue (2:427; 3:18).

Minority gains will also take place over the next decade. BLS projects that Hispanics age 16 and older will increase by a rate of 4.1 percent, Asians and nonblack minorities by 3.9 percent, and blacks by 1.8 percent. The participation rate for whites is estimated to increase by 1 percent (1:30). Approximately 600,000 legal and illegal immigrants are expected to enter the United States during the remainder of this century. Two-thirds or more will likely join the labor market (3:19).

#### EDUCATIONAL TRENDS

The education system in the United States is failing to produce students who can meet the challenges of the next century. Statistics that are now coming to the country's attention are alarming--and they do not appear to

be getting better. This evidence makes it understandable why America is losing its share of the market in technology. More and more, the defense industry is having to rely on foreign countries for critical components and defense systems (4:6).

During the next 20 years, the National Science Foundation predicts a shortage of 700,000 scientists and engineers. Engineers will decline by 40 percent, while the demand increases by 70 percent. Currently, engineering graduate programs are filled predominately with foreign and foreign national students--a source the Air Force cannot draw upon because of citizenship and security requirements (4:6).

The Business Council for Literacy indicates that 27 million Americans 17 and older are illiterate, while another 45 million are marginally illiterate, "usually unable to function productively in a work environment." The U.S. Census Bureau projects 70 percent of the population will be functionally illiterate. The Aerospace Industry Association expects to be hiring one million new employees who cannot read, write, or count (4:6).

No doubt these frightening trends will have serious impact on all aspects of this country.

#### ECONOMIC TRENDS

During the decade of the 80s, unemployment remained relatively low. In June 1989, it fell to 5.3 percent, the lowest rate in 14 years (5:20). Throughout the nation, there are tight labor markets and jobs go vacant. As an example, these metropolitan areas recorded the following jobless rates for the same period: Boston--3 percent; San Francisco--3.8 percent, Washington DC--2.5 percent (5:20).

Robert Horn, the economist, in his study for the Congressional Joint Economic Committee, noted that

. . .favorable demographic trends have been responsible for the steady improvement in the national unemployment rate. Most, if not all, of the decrease in the unemployment rate during the Reagan years came about because of the change in the labor force share of younger workers. It was demographics as opposed to the alleged success of Reagan's policies (1:26).

Between 1975 and 1985, 21 million new jobs were created and they were needed because the number of individuals seeking employment rose by 22 million. By 1995, we could easily have 2 million more jobs than people (2:471).

Three out of every four jobs now require more than a high school diploma. However, there are 700,000 high school dropouts annually. The high-tech, computer-chip economy will be turning out jobs that may go vacant because millions of young people do not have the education and skills needed by employers (2:472).

#### SUMMARY

In conclusion, the demographic changes and the workers of the future will be much different from today. The Hudson Report indicates non-whites, women, and immigrants will make up five-sixths of the new additions to the workforce by the year 2000, though they make up only half of it today. The increase in the share of minorities in the new workforce will have different requirements; these workers often have language barriers, lack appropriate educational skills, and have other problems. Employers of all types, including the Air Force, will be required to provide training and remedial education in the workplace so that this group of employees will reach optimum productivity (3:19).



## CHAPTER III

### DEMOGRAPHICS OF THE AIR FORCE

#### CIVILIAN WORKFORCE

In many respects, the civilian workforce within the Air Force mirrors the national labor force. Problems facing employers in general are often even more exaggerated within the Air Force. Causes stem from special security requirements, complex hiring processes, employment freezes due to budget reductions, and assignment of the military spouse, to name a few. However, the basic need to find qualified employees is the same.

#### OVERVIEW

Since 1980, the number of civilian employees including direct hire and indirect hire (foreign nationals) has remained fairly constant at 30 percent of the Total Active Force (6:46). For the purpose of this paper, only direct hire appropriated fund employees will be considered, although programs recommended in subsequent chapters may also be germane to other categories of civilian workers.

The skills within the Air Force will be replaced with different requirements. Blue collar workers will begin to shrink as more automation takes over. The "high-tech" professional has begun to emerge as the new generation worker. As new weapon systems continue to come on line and as the new generation of weapons systems is in research, development, and design

stages, the employee with specialized, high-tech skills will be even more in demand.

While budget reductions may slow production of such programs as the Stealth Bomber (B-2) and the Stealth Fighter (F-117), advancement in this technology will continue. New programs still in development such as the Advanced Tactical Fighter (ATF), the National Aerospace Plane (X-30), and the Strategic Defense Initiative may also suffer the loss of dollars, but advancement in these areas of technology will remain at the forefront as the Air Force continues to help maintain the strength of America's defense.

#### STRUCTURE OF THE CIVILIAN FORCE

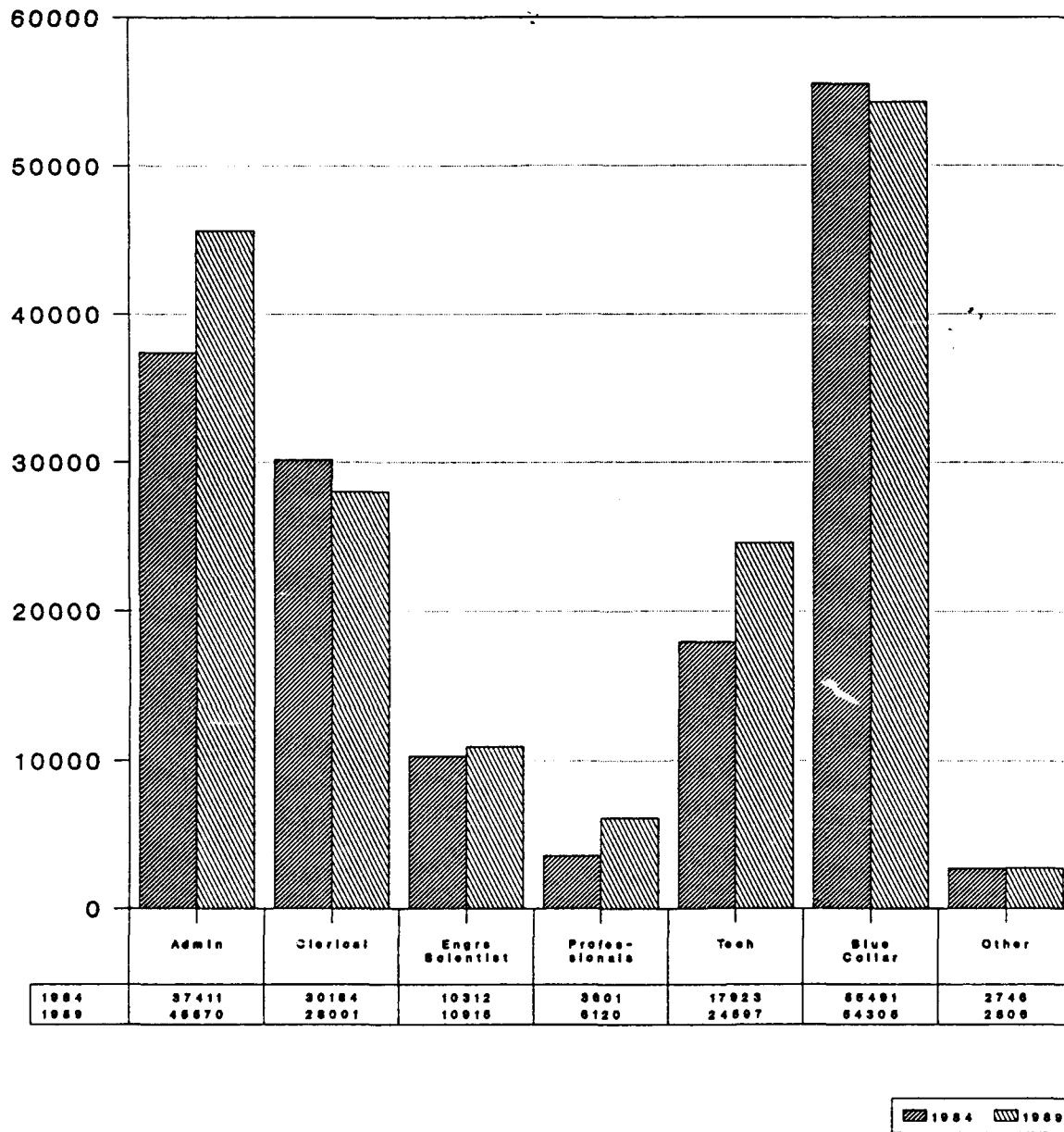
As mentioned above, the composition of the Air Force civilian contingency is not dissimilar to the national labor force. Trends should be clearly apparent when reviewing the overall Air Force civilian population as shown in Chart IV, Occupational Category.

During the past 6 years, growth can be seen in the engineer and scientific occupations. More growth should have occurred, but positions, particularly in hard-to-fill locations such as Boston, Los Angeles, and Washington DC, went vacant. As an example, during a one-year period in 1987, the Air Force attempted to fill 2,445 engineering positions--1,792 were filled, a success rate of less than 75 percent (7:8).

In professional areas such as budgeting, financial management, medical services, lawyers, and mathematics, the group approached a net increase of 50 percent. On the other hand, trends in automation have resulted in a decrease in clerical and blue collar-wage grade positions.

# CHART IV

## Number of Air Force Civilians by Occupation Category



(Source: AF Civ Personnel Data System)

### AGE OF THE WORKFORCE

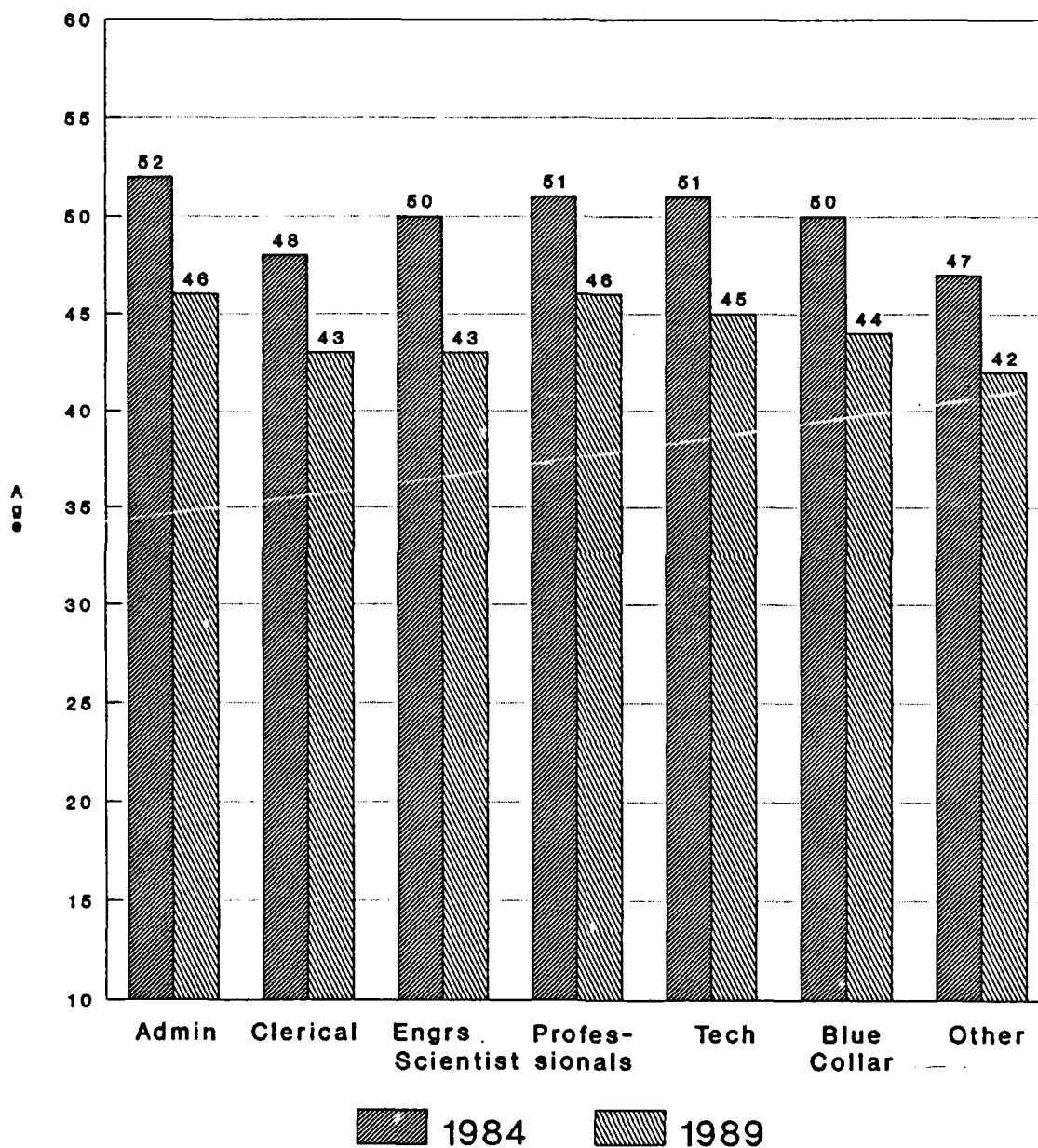
As a result of the aging baby boom generation nationwide, the labor force will age from 35 to 39 by 2000 (1:A-11). In 1987, the average age of all federal workers was 41; by the year 2000, this may increase to as high as 45 (3:20). The age pattern within the Air Force is similar (see Chart V, Age by Occupational Category). However, within the Air Force the average age is already 45. Easily, one may predict an increase in the next several years if projected cutbacks occur. It should be noted that between 1984 and 1989 every occupation experienced a decrease in the average age and overall average age was reduced. This phenomenon occurred primarily because of two factors. In 1988, there were early-out retirements in Air Force Logistics Command, Air Force Systems Command, and several other smaller civilian-populated commands. Over 5,000 employees between the ages of 50 and 55 chose to take advantage of this offer and retired early. Also, during the 1984-1989 timeframe, several changes in retirement laws made it more lucrative for retiree eligibles to leave--the result was a mass exodus. If this had not occurred, the average age would be much higher.

### LENGTH OF SERVICE

In consonance with the overall reduction in the average age, the average length of service for Air Force civilians also dropped, decreasing from 22 years to 16 years. A large portion of the workforce is covered by the Civil Service Retirement System and will likely remain until retirement eligible. Statistically, less than 5 percent of those employees between the age of 41 and 50 leave Civil Service. By the year 1001, we will see a "retirement explosion" (3:20).

# CHART V

## Age By Occupation



(Source: AF Civ Personnel Data System)

## WOMEN AND MINORITIES

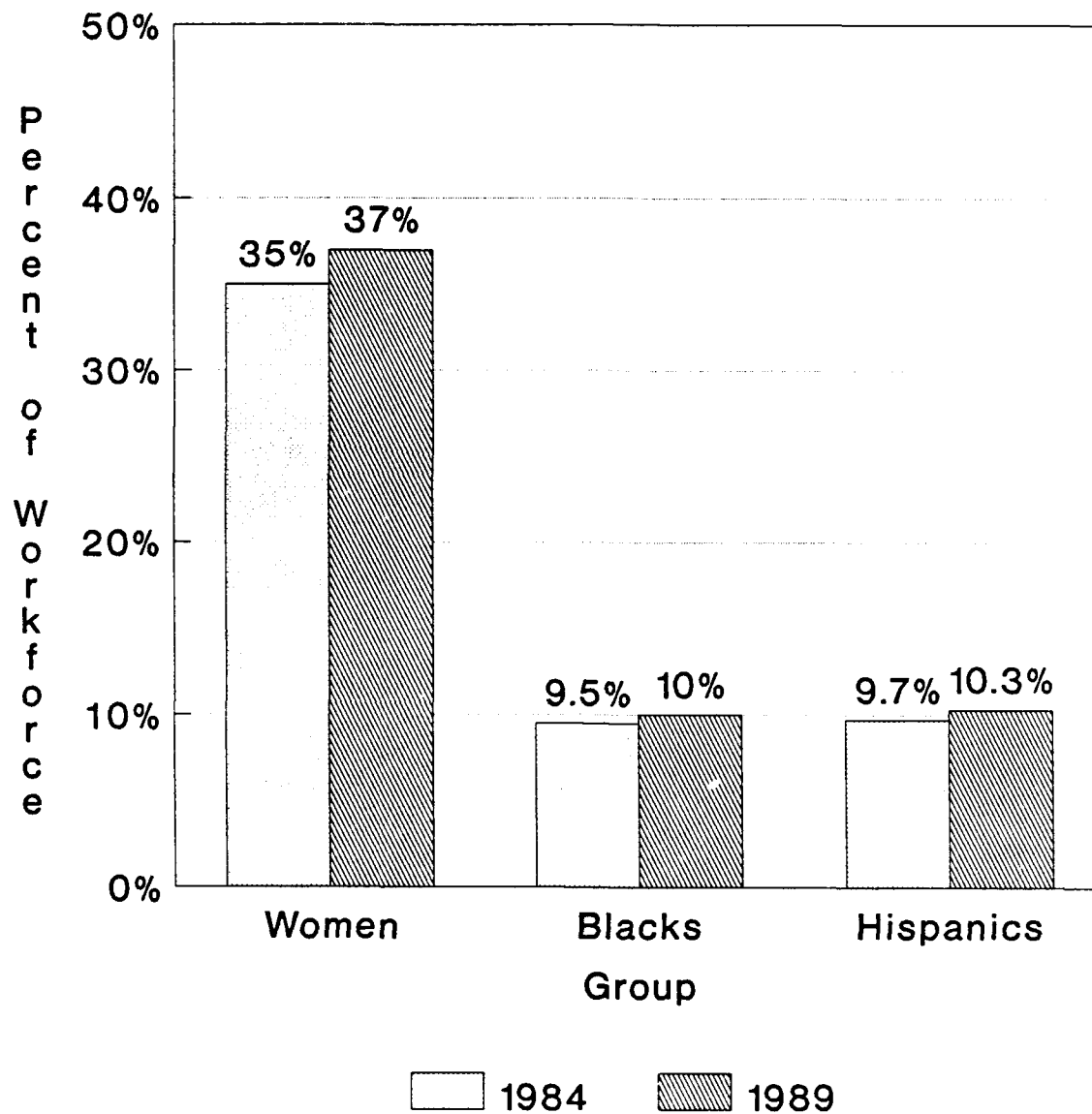
There have been significant increases Air Force-wide in both categories of women and minorities. Certainly, some of this increase has been due to an excellent effort on the part of civilian personnel offices and selecting officials to make progress in equal employment opportunity. Targeted recruiting programs aimed at selected underrepresented groups has been ongoing. However, a portion of this increase must also be attributed to the shifting national demographics of minorities and women--not only an increase, but more are entering the labor force.

Positive increases in women, blacks, and hispanics were present in every occupational category save one; women decreased by 2,000 from 1984-1989 in the clerical career field. Chart VI, Women, Blacks and Hispanics as Part of Civilian Workforce, shows the overall trends for these groups. Based on national demographics, by the year 2000, the civilian force may approach 44 percent women, 17 percent blacks, and 16 percent hispanics. However, because of rising skills requirements, the numbers may be forced downward for blacks and hispanics if educational level and drop-out rates continue at today's pace.

Chart VII, Women by Occupational Category, focuses on the changes during the last 6 years. Significant gains have been made in areas other than the traditional clerical career fields. Of particular note is the large increase found in the engineering, professional, and technical areas. As women enter these career fields and more responsible positions, they will remain in the workforce for longer periods and in many cases will work until

# CHART VI

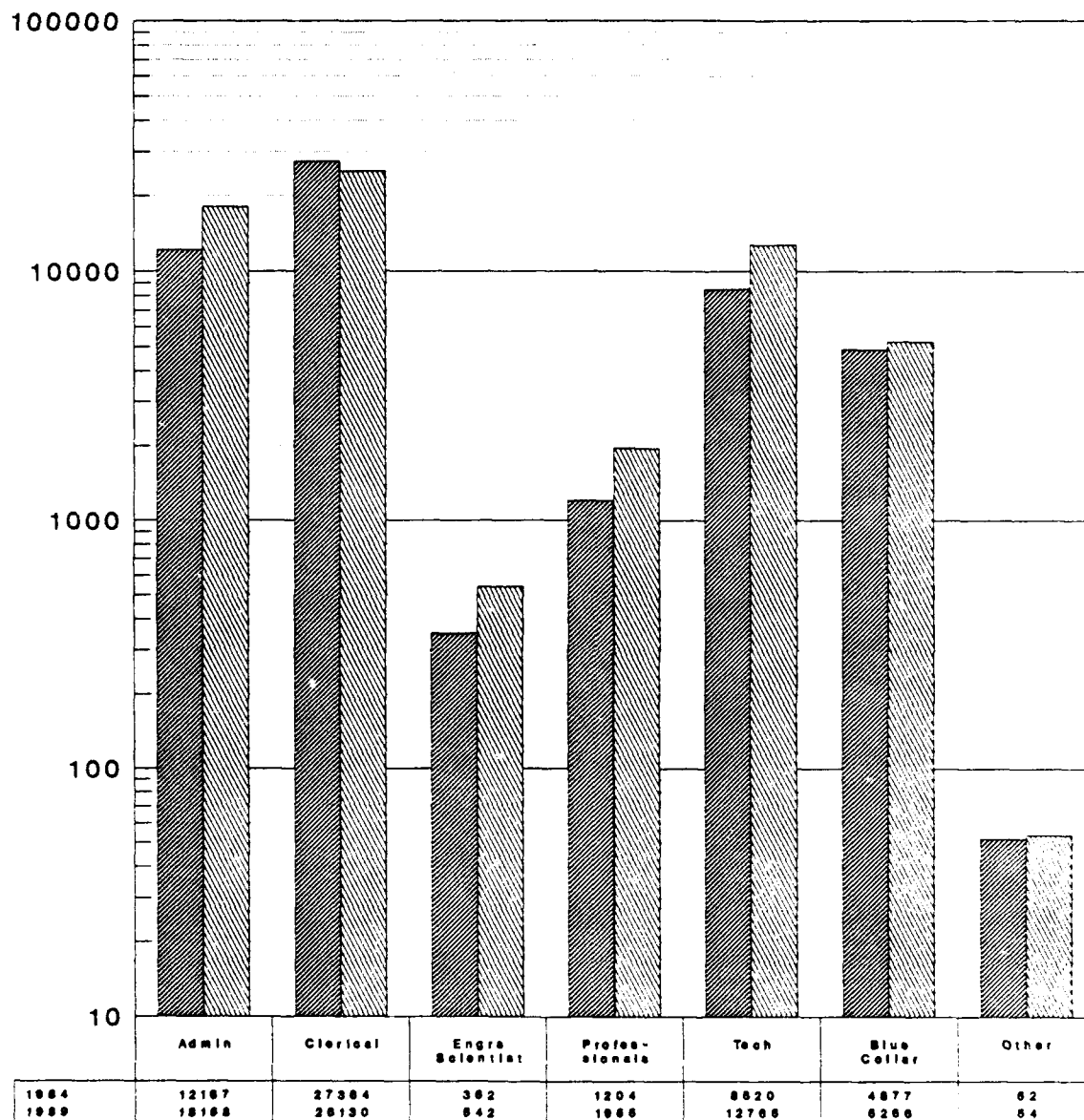
## Women, Blacks and Hispanics as Part of Civilian Workforce



(Source: AF Civ Personnel Data Systems)

# CHART VII

## Number of Women (By Occupational Category)



1984 1989

(Source: AF Civ Personnel Data System)



retirement. New benefits oriented at this group of employees will enhance recruiting and retention.

#### FUTURE TRENDS--LESS CIVILIANS

It is impossible to predict with any confidence how the Air Force civilian workforce will be structured in the next 5 years, let alone the end of the decade. Specific numbers and the actual composition of the force must be left to those who are skilled in soothsaying or possess an accurate crystal ball.

Several events taking place now will undoubtedly seal the fate of the civilian force as one much smaller in the future. Budget cuts are the first impact. Beginning in 1992, Secretary of Defense Richard Cheney has recommended reductions totaling \$180 billion over 3 years. The Air Force's share equals \$34 billion (8:A-12). Put simply, these cuts, as a result of the Gramm-Rudman-Hollings budget reductions, equate into possible base closures and the reduction of the force. In a worst-case scenario, General Monroe Hatch, Air Force Vice Chief of Staff, told the Senate Armed Services Committee, that 26,000 civilian employees could be laid off by October 1990 (9:3).

The events in Eastern Europe have not made it clear if all NATO bases will close, but in all likelihood there will be a major drawdown. There are approximately 13,000 civilians assigned to Europe. On their return home, if that does in fact occur in large numbers, many will not have Air Force jobs or will displace Air Force employees at CONUS bases.

Finally, the results of the President's Blue Ribbon Commission on Defense Management are beginning to take shape in the form of specific objectives and action agenda of the Defense Management Review (DMR).

Consolidation, streamlining, and reduction of personnel were broad recommendations of the Commission. The DMR hopes to make them a reality. Initially, they proposed to merge Air Force Logistics Command (AFLC) and Air Force Systems Command (AFSC); however, at the strong objection of both commanders, this appears unlikely. What is apparent, according to Pentagon officials, is that AFLC will reduce its civilian workforce by 10,000 and AFSC by 8,000. These cuts are in addition to any cuts as a result of the Cheney edict.

As a point of reference, Table I, Total Civilian Strength, provides an overview of total civilian Air Force employees.

While the numbers will definitely go down, by how much no one knows at this point. Even though there are less civilians, the problems identified through the demographic analysis are still very real. They will not go away. In subsequent chapters of this paper, specific programs to enhance the civilian force in the year 2000 will be explored.

**TABLE I**  
**TOTAL CIVILIAN STRENGTH**

<b>MAJOR COMMANDS</b>	<b>CIVILIAN</b>
AF Communications Command (AFCC)	7,659
AF Logistics Command (AFLC)	80,276
AF Space Command (AFSPACECOM)	1,718
AF Systems Command (AFSC)	27,518
Air Training Command (ATC)	12,711
Air University (AU)	1,503
Alaskan Air Command (AAC)	1,278
Electronic Security Command (ESC)	1,216
Military Airlift Command (MAC)	14,252
Pacific Air Forces (PACAF)	10,004
Strategic Air Command (SAC)	11,782
Tactical Air Command (TAC)	11,462
United States Air Forces in Europe (USAFE)	10,042
<b>TOTAL</b>	<b>191,421</b>
<b>SEPARATE OPERATING AGENCIES (SOAs)</b>	
AF Accounting and Finance Center (AFAFC)	2,114
AF Audit Agency (AFAA)	712
AF Commissary Services (AFCOMS)	8,795
AF Engineering and Services Center (AFESC)	554
AF Inspection and Safety Center (AFISC)	127
AF Intelligence Agency (AFIA)	218
AF Legal Services Center (AFLSC)	142
AF Management Engineering Agency (AFMEA)	89
AF Military Personnel Center (AFMPC)	517
AF Office of Medical Support (AFOMS)	129
AF Office of Security Police (AFOSP)	60
AF Office of Special Investigations (AFOSI)	503
AF Operational Test and Evaluation Center (AFOTEC)	171
Air Force Reserve (AFRES)	13,567
AF Service Information and News Center (AFSINC)	173
Air Reserve Personnel Center (ARPC)	598
<b>DIRECT REPORTING UNITS (DRUs)</b>	
AF Civilian Personnel Management Center (AFCPMC)	*1,377
AF Cost Center	22
AF District of Washington (AFDW)	961
AF Technical Applications Center (AFTAC)	89
Office of the Secretary of the AF/Air Staff/Air National Guard Support Center	1,290
United States Air Force Academy (USAFA)	1,596
USAF Historical Research Center (USAFHRC)	78
Other Direct Reporting Units	
AF Center for Studies and Analyses (AFCSA)	35
AF Combat Operations Staff (AFCOS)	21
AF Review Boards Office (AFRBO)	62
Other	27,740
<b>TOTAL, SOAs and DRUs</b>	<b>61,740</b>
<b>TOTAL, COMMANDS, SOAs, and DRUs</b>	<b>253,161</b>

\* Includes Palace Acquire interns assigned to various major commands.

(Source: Air Force Magazine, May 1989)

## CHAPTER IV

### ENHANCING THE WORKFORCE--RECRUITMENT

#### THE CRISIS

The Air Force will demand highly skilled civilian employees to meet the challenges of the 21st century. However, demographically the pool of talent is drying up and private industry will be competing even more for the same human resources as the decade moves on. The decline in prestige of civil service jobs will be a factor as many individuals will not even consider federal employment. Adding to this dilemma is the lower pay, particularly in some high cost areas such as Boston, Los Angeles, and Washington DC. On average, for professional career fields, the government salary now lags by 20 percent or approximately \$6,000 (10:24).

The National Commission on Public Service in their 1988 survey of top college graduates found that "making more money" was the most important reason for going to college. When asked about a career in public service, responses were frank, yet disquieting. Some of those responses follow:

1. Seventy percent believe the government does not offer a good chance for responsibility early in one's career.
2. Federal jobs are routine and monotonous responded 50 percent.
3. Eighty percent indicated civil servants do not have power and opportunity to influence government outcomes.

4. Only 3 percent said that a person who joins civil service will have a high probability of ending up in one of the top government jobs (10:26).

#### RECRUITING STRATEGIES

The Air Force presently has an active force renewal program known as PALACE Acquire. Approximately 400 college graduates are hired each year and placed into professional positions which are centrally managed. As a result, they receive top training and development and placement into positions which will allow them to move up the career ladder. Unfortunately, this is a relatively small number when considering civilians make up one-third of the total force.

In order to be a viable recruiter, the Air Force must begin to focus on a highly aggressive pre-entry recruitment program. Recurring college recruitment trips must take place. A solid rapport must be established between recruiters and placement office officials, since they often guide students in the direction of certain prospective employers.

Locally, as well as at the Air Force level, recruiters must actively participate in college and special interest job fairs. Besides distributing the obligatory recruiting pamphlets, they should be prepared to talk seriously about possible job offers. Prior to attending these events, contact should be made with groups who will be in attendance to ensure they check in with the Air Force.

Another important recruiting tool is extensive advertising. Professional journals and local newspapers serve as excellent ways to inform the public about Air Force civil employment. As a follow-on to this, special articles in local newspapers or interviews on local radio and television

stations would be beneficial in reaching a large audience of potential employees.

Top college graduates may be recruited through a number of entry-level programs. Cooperative education assignments allow students to work full-time and go to school full-time during semester intervals. As a recruiting tool, this may prove extremely useful for underprivileged students.

The Outstanding Scholar Program which allows noncompetitive appointment of students with a 3.5 grade point average is an excellent resource for topnotch future employees. Unfortunately, when competing with the higher salaries in private industry, the Air Force is often not seriously considered.

#### NEW DIRECTIONS

Competing for the best and the brightest is no easy challenge. The biggest obstacle is the pay issue. The comparability inequity is real and will continue to thwart the Air Force's efforts to hire and retain quality employees. Long recognized as a serious problem, the Air Force's top civilian leadership is working closely with OPM and selected members of Congress to find relief in this area. PALACE Agenda, the Air Force's long-range civilian personnel plan, identifies several of these initiatives. First is the market-based pay system where salaries for general schedule employees would be established based on the local prevailing labor market, similar to the procedure currently used for federal wage system employees. Pay banding, the other major initiative, would allow managers the flexibility to set one's salary anywhere within the rate range depending on the individual's education and skills.

There are several other broad initiatives that hold favorable promise for future staffing needs. In 1988, the Volker Commission issued to the President major recommendations for "Rebuilding the Public Service." One of those recommendations was that the President establish a Public Service Scholarship Program for college students. Admission would be similar to appointment procedures used by the military academies. Payment of tuition and other costs would be incurred by the government in return for a commitment of several years of government service. A second recommendation would be the strengthening and expansion of the Presidential Management Intern Program from 400 positions per year to 1,000. (10:27)

Both of these potential opportunities would breath new life into the government-wide recruiting programs. However, the Air Force should take a proactive approach and begin working through channels to move these programs forward. When advantageous, ask for additional allocations for students specially identified as an Air Force resource, and if necessary, pay appropriate costs for those individuals.

Finally, the recruiting process must be simplified. It is truly a quagmire. A morass of rules, regulations, laws, and exceptions face the would-be applicant. So overwhelming is the application process that even the interested applicant is often lost through sheer frustration. Private industry has always been ahead of federal service in the ability to make job offers on-the-spot. Through more delegated authorities, the Air Force should continue to have as much control over the appointment process. This, in turn, allows recruiting officials more flexibility to hire prospective employees quickly and, if necessary, have the paperwork completed at a later date. Air

Force managers "should have full responsibility not only for the mission, but for the human resources needed to accomplish those missions" (11:57).



## CHAPTER V

### SUSTAINING THE WORKFORCE--BENEFITS

#### THEN AND NOW

As part of the Total Force, the civilian population has always been considered the continuity. When the military member was transferred to the next assignment, it was the civilian, the "ole timer," who was there to explain or provide insight into the ideosyncracies of the organization to the new employee. In many organizations, those days are now history. Once a stable workforce, civilians are now on the move, especially the officer equivalent cadre.

In 1984, the Federal Employees Retirement System (FERS) was enacted, replacing the Civil Service Retirement System (CSRS) for all new employees. No longer do employees covered by FERS feel tied by the "golden handcuffs." Their retirement system is portable. Contributions they make, as well as what Uncle Sam matches, can be refunded if they decide to leave federal employment. This is not the case under CSRS since only contributions made by the employee are refunded--thus the term "golden handcuffs." The result will be a more mobile labor force. Presently, 20 percent of the Air Force employees are covered by FERS; through normal attrition and new hires this may reach 50 percent by 1995.

The Air Force civilian employee is a new breed. He or she is more mobile. As part of the baby-boom generation, they have different needs than the workers of 20 years ago. Children's education, family life, and health

programs are at the top of the list of important priorities in the lifestyles of workers (1:39). This is the age of two wage-earner couples and single parents, family obligations are assuming ever-increasing importance for workers making career decisions (1:39). Therefore, the employers who can meet those needs will be successful in recruitment and retention.

#### CHILD CARE

As discussed in the chapter on demographics, the number of women in the labor force is increasing. This trend will continue as the number of women increases in the overall national population. Women are also waiting to have a family later in life. And many plan to return to the workforce after childbirth, either to continue their chosen career or because of economic pressures often lessened by the two-income family. So the bottomline is that the need for quality child care will not disappear over the next decade.

The Air Force has conscientiously provided child care for the military member, on-site at Air Force installations. However, in some cases, this is even lacking for those members who have nighttime jobs, but this paper will not delve into that issue. For civilian employees, child care on base is usually not available. Why? Because civilians have a lower ranking on the priority list.

This problem is not unique to the Air Force. The National Security Agency, the Naval Academy, the National Institute of Health, and the Veterans Administration all have serious recruiting and retention problems in professional career fields and believe that child care may aid those staffing shortfalls (3:47-49).

Future policies to deal with child care must be forthcoming. It is doubtful that the federal government will pick up the full tab for on-site child care. Such action would raise a fundamental issue of fairness. Obviously, all employees would not be covered, and some parents with children might not want to use on-site care; while children requiring after school supervision would not be eligible. However, on-site care appears to be extremely popular for those employees who use it, even when they pay the bill. Having centers near work is a plus, allowing parents the opportunity to share time with the child on the way to work, during lunch, and they are easily accessible in case of an emergency. Parents may become more familiar with the quality of care since they can monitor the center with ease. Federal personnel managers indicate that the access to child care, in some cases, is an incentive to remain with that agency and location (3:50).

Since the child care business is expensive when one considers start-up costs, salaries, and insurance, it may not be practical for the Air Force to pursue. However, there are other options. A comprehensive referral system could be implemented, providing employees with references for centers, home care, and after school care. In fact, a referral system could be aggressively advanced through state agencies, church organizations, and media publicity (3:50; 12:40). (As the population ages, we will begin to see this problem change direction and the need for senior care will emerge. If this type of networking is already established for child care, it will allow transition for an elder care referral service and be another plus for the employer.)

Another aspect of child care is the need for after school programs, which is becoming increasingly necessary for two-career families. Again, networking through local community organizations and state agencies could

alleviate this problem. Programs developed at the child's elementary school or local church would alleviate parental concerns and result in a more productive employee.

Finally, as part of a monetary benefit, a voucher system could be enacted where the employee would be given vouchers in exchange for child care. The center would then turn in vouchers at the Accounting and Finance Office for payment of services. Realistically, as severe budget cuts are on the horizon, approval of this option would be doubtful unless it became part of a cafeteria benefit package (12:40).

Child care centers for young children of civilian employees may not be appropriate at all Air Force installations. However, at those locations where the need is clearly demonstrated or where the availability of care would enhance recruiting and retention opportunities, the Air Force would be wise to take a proactive approach during the next decade.

#### CAFETERIA BENEFITS--A FLEXIBLE APPROACH

The labor market of the future will require employers to reevaluate the overall compensation package provided to employees. It may be more advantageous for all parties involved to move from "employer-provided benefits" to "employer-sponsored benefits." Benefit plans provided by the employer simply mean that a specific level of coverage is purchased by the employer. Salary and benefits are unmistakably separate. In contrast, the employer-sponsored plan provides employees flexibility in selecting their benefit levels through administrative mechanisms established by the employer (13:53).

As of 1985, there were approximately 500 companies in the United States offering some form of flexible benefit program (14:71). Even the

federal government is moving in this direction with the implementation of the flexible and portable retirement system, FERS. However, the federal benefit program overall was enacted years ago when the workforce was predominately men with non-working wives (3:43).

In its report to the Office of Personnel Management on "Civil Service 2000," the Hudson Institute provided the following expose of the Federal system and some accompanying sage advice.

. . . Federal workers enjoy generous amounts of leave, subsidized health care coverage, and excellent retirement programs. The value of these benefits varies depending on the circumstances of individuals within the workforce. Some health care benefit plans are wasteful or duplicative for employees in households that are already covered. Some retirement or life insurance benefits are of little interest to young workers. And some benefits, such as day care, are unavailable despite the desirability of services to single parents, and employees in two-career households. . . . As workers demand a wider range of benefits such as leave time, flexible hours, parental leave, child care, elder care, nursing home insurance, and other programs, the Federal government, rather than waiting for these systems to be widely adopted and extended by private industry, should take the lead in experimenting with flexible benefit programs as another way to attract and retain employees (3:42-43).

Table II, Sample Cafeteria Benefits, shows how one employee with a benefit package worth \$2,000 could select various options depending on family and personal needs. Benefits could be renewed each year, similar to the "Open Season" for health benefits, thus allowing added flexibility.

Professional personnel journals and organizations all indicate that cafeteria benefits are the wave of the future. Additionally, the legal framework has been established. In 1978, Section 125 of the Internal Revenue Code authorized flexible benefit plans, and the establishment of flexible spending accounts was permitted by the Economic Recovery Tax Act of 1981 (12:40).

As part of PALACE Agenda, the long-range civilian personnel plan, the Air Force should continue to pursue action with OPM to make cafeteria benefits a reality for current and future Air Force employees.

**TABLE II**  
**SAMPLE CAFETERIA BENEFITS**

Employee Salary:	\$40,000
Benefit Package:	\$ 2,000
Total Compensation:	\$42,000

Option One

Child Care	\$1,500
Extra Leave	\$ 500
Total	\$2,000

Option Two

Health Insurance	\$1,000
Life Insurance	\$ 250
Retirement Account	750
Total	\$2,000

Option Three

Retirement Account	\$1,200
Health Insurance	\$ 800
Total	\$2,000

## CHAPTER VI

### DEVELOPING THE WORKFORCE--TRAINING

"The demand for highly educated people with technological skills will increase more rapidly as we approach the next century. Competition for engineers, computer and communications specialists, doctors and other physical and natural scientists will become more intense as population numbers decrease" (15:31). However, as discussed in Chapter II, Educational Trends, the future is not bright for basic education in the next decade. Not only will the Air Force be faced with a shortage of qualified professionals, other career fields requiring limited skills may employ individuals who cannot read.

#### CAN THEY READ?

The Air Force may have to enter a new era of training--teaching employees to read. Many companies are already teaching basic English skills to employees. Programs such as "Skillpac," an interactive computer videodisc, teach English and workforce skills. Oral and written communication, basic job skills, as well as how to handle emergencies, are part of the educational package. It has proved successful in organizations and schools in New York City, Washington DC, Southern California, and Wisconsin. This type of instructional method is interesting to use, inexpensive, and adaptable (1:D-10). While this problem may not be at all Air Force installations, bases such as the Air Logistics Centers which hire large numbers of unskilled and

semi-skilled employees may need to locally implement programs such as "Skillpac."

#### PAY FOR DEGREES

The Government Employees Training Act of 1958 has long been an effective impediment to providing training. Interpretation of the legislation by local training officers is often rigid. The Act provides that only job related courses may be paid for from federal appropriated funds. Therefore, the payment for advance degrees is not authorized since some courses may not be clearly job related. As part of the Strategic Planning Initiatives, the Air Force Directorate of Civilian Personnel has identified this as a problem and is currently seeking legislative relief (16:2-13).

Another Air Force initiative that has great promise for meeting future skills needs is PALACE Knight. Personnel officials indicate it is in development and has great support from AFSC and other Air Force engineering and scientific organizations. Conceptually, the program will identify employees who are presently Air Force civilian engineers and scientists with a bachelor's or master's degree. Application would be made to complete education in their discipline up to the doctoral level. Research would be in conjunction with their command or the Air Force, with all fees paid for by their organization. In return, the employee would serve a follow-on specified commitment. This program should help forestall obsolescence. In a study conducted by Harvard University, 2,500 engineers in electronic and aerospace industries were found to reach an individual performance peak at an early age (31-35) and decline steadily thereafter (17:111).



### DOLLARS FOR TRAINING

Historically, when budgets have been reduced, the training budget is one of the first areas impacted. In fact, during the last several years, civilian training dollars have been applied toward defraying the ever-increasing costs of CHAMPUS--a must pay bill.

It is inevitable that training will be vital to make the Air Force a competitive employer. But, it will also be necessary and a requirement to improve and enhance existing skills or retrain those who otherwise might be displaced due to new technology.

Training, particularly quality training, costs money. As the Air Force begins downsizing, training will still be a critical element of human resource management. It will be necessary to make employees productive, to enhance the present skills, and to ensure we do not have a workforce prone to obsolescence.

## CHAPTER VII

### CONCLUSION

Understanding the future challenges facing the civilian workforce will help ensure the Air Force is prepared to enter the next century. There are many indicators which should direct attention and focus toward different approaches in human resource management. During the next decade, maintaining a quality civilian workforce will be difficult unless there are changes in how business is conducted--specifically recruitment, benefits, and training.

Recruiting is the lifeblood of any organization; the Air Force is no exception. Hiring young college graduates trained in the latest technology will help keep the Air Force on the cutting edge. But barriers and obstacles to those potential new employees need to be torn down. First, elimination of antiquated hiring practices which are time-consuming, cumbersome, and confusing should be replaced by methods that allow "hiring on-the-spot." Pay must be revolutionized. In order to be competitive, salaries must be in line with demand and the competition--what private industry is paying. It is evident the supply for well-trained individuals is diminishing. Managers must have the flexibility to pay employees based on local salaries or based on skill with pay banding techniques.

There is and will continue to be a new generation of civil servant. The baby-boom generation has spoken! Flexible benefits must become part of the overall compensation package. Recognizing individual and family needs changes over time will be a significant recruiting strategy. It will show the

individual the Air Force understands their needs and is willing to meet those requirements. Child care, if undertaken when and where it is demanded, will be a viable employment incentive.

As the available labor market decreases, the Air Force may have to accept a lower educated workforce. Although training people to read and write has not been part of the training budget in the past, future indications are that it will probably be inescapable. Dollars expended to provide baccalaureate degrees as well as advance degrees would be money well spent as development costs for maintaining a quality Air Force civilian workforce.

Our world is changing and although it may be too soon to agree that "peace has broken out," the handwriting is on the wall for reduced budgets equating to reduced levels of employees. Competition for quality employees will continue to be the most challenging aspect of human resource management. On the horizon, new approaches to the fundamental idea of civilian service must be explored and developed. Changes are inevitable--will the Air Force be ready?

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